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Washington, DC - Reps. Ron Kind (WI-03), Bruce Braley (IA-01), Jay Inslee (WA-01) and Betty McCollum (MN-04) announced a major breakthrough today on the issue of Medicare payment reform in the final health care reform bill. Kind, Braley, Inslee and McCollum have been outspoken advocates for changing the way Medicare pays health care providers for services, from its current fee-for-service system into a quality and value-based system.

Kind, Braley, Inslee and McCollum helped negotiate a compromise adding language to the health care reform bill that provides an immediate \$800 million to address geographic disparities for both doctors and hospitals, as well as written guarantees from Health and Human Services Secretary Kathleen Sebelius for further action to reform Medicare reimbursement rates that do not qualify for reconciliation under the Byrd Rule. The Senate bill previously only provided a Medicare reimbursement fix for doctors.

The House reconciliation package maintained automatic implementation of a value index as part of the reimbursement structures for doctors, beginning in 2015. This language included the Senate bill is based on Braley and Kind's Medicare Payment Improvement Act, introduced in June 2009.

"Our current system pays for the number of procedures ordered instead of the quality of care provided; resulting in \$800 billion in wasteful spending each year that doesn't help the patient," Kind said. "We're correcting the unfairness of Medicare reimbursement rates with this measure and taking steps toward historic payment reform that rewards the value of care delivered instead of the quantity of care provided. This will lead to a more cost effective way to pay for and deliver health care in our country and lower costs in the long run, making health care more affordable for all Americans."

"This compromise represents a major breakthrough in health care reform that will finally reward Iowa's medical providers for the high-quality care they've been providing Iowa's families for years," Braley said. "After negotiating directly with Speaker Nancy Pelosi and representatives from the White House late Friday into the early hours of Saturday morning, I'm proud to say the health care bill will finally fix these inequities, move us to a better reimbursement model that emphasizes quality over quantity, and help recruit well-qualified health-care providers to Iowa - all because of changes I championed."

"A key element of improving health care and reducing our nation's deficit is contained in this agreement," Inslee said. "For many months, the Quality Care Coalition and I have been working on language that would shift our health care system from one that rewards the quantity of service to one that rewards quality of service. At 3am this morning, we reached a conclusion that accomplishes this. Washington State health providers, along with providers across the country, will no longer be penalized for being efficient and taking excellent care of their patients."

"This agreement will transform health care in America," McCollum said. "It's good for patients and it's good for taxpayers"

Medicare currently operates under a fee-for-service system, basing payments to doctors and hospitals on the amount of procedures completed and the number of patients seen. This system creates a financial incentive to order more and more procedures. Ironically, according to many studies, this increased number of procedures does not result in better outcomes for patients.

- The letter from Sebelius promises the following steps to improve Medicare reimbursement rates for Iowa's medical providers:
 - Institute of Medicine (IOM) study to reform the Medicare system to address all geographic disparities for doctors and hospitals and implementation of IOM recommendations by December 2012.
 - IOM study based on Braley's house-passed language making firm recommendations to move toward high quality, low cost care across the health care sector and implementation of the recommendations, as part of the new Independent Payment Advisory Board, by 2014.
 - Additional direction to the new Center for Medicare and Medicaid Innovation to further test innovative models to incent high quality, low cost care across the provider spectrum.
 - A personal commitment from Sebelius to convene a National Summit on Geographic Variation, Cost, Access and Value in Health Care later this year.

Kind, Braley, Inslee and McCollum were all members of the Congressional Quality Care Coalition that negotiated for fair reimbursements throughout the legislative process. The text of the new legislative language and the letter from Sebelius are attached.

